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FISCAL IMPACT STATEMENT

LS 7484

BILL NUMBER: SB 620

NOTE PREPARED: Mar 21, 2013

BILL AMENDED:

SUBJECT: Proof of Financial Responsibility.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Soliday

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

- (1) Provides that the law regarding financial responsibility applies to judgments in civil actions.
- (2) Provides that Indiana laws providing for suspension of a driver's license or driving privileges may be used to prohibit a nonresident from operating a motor vehicle in Indiana. (Under current law, Indiana laws providing for suspension of a driver's license or driving privileges may be used to prohibit operation in Indiana of a motor vehicle owned by a nonresident.)
- (3) Provides that the Bureau of Motor Vehicles (BMV) may adopt rules regarding proof of financial responsibility. (Under current law, the BMV is required to adopt such rules, and the content of the rules is dictated by statute.)
- (4) Provides that the BMV may, at any time, verify that a person has legally required financial responsibility in effect.
- (5) Authorizes the BMV to contract with a third party to request proof of financial responsibility.
- (6) Provides that the BMV shall suspend the driving privileges or motor vehicle registration, or both, of a person who fails to maintain required financial responsibility.
- (7) Provides that a court shall recommend suspension of a person's driving privileges for at least 90 days but less than a year for failure to provide proof of financial responsibility. (Under current law, the court may make such a recommendation.)
- (8) Provides that if a court suspends a person's driving privileges or vehicle registration for failure to provide proof of financial responsibility, and fails to recommend a fixed term of suspension or recommends a fixed term that is less than the minimum term of suspension required by law, the BMV shall impose the applicable minimum term of suspension required by law.

- (9) Requires a nonresident to provide proof of financial responsibility by having an insurance carrier file a certificate of compliance with the BMV.
- (10) Prescribes a process by which a person whose driving privileges are suspended for failure to provide proof of financial responsibility may contest the suspension based on an assertion of material error.
- (11) Provides that a person found to have operated a motor vehicle without financial responsibility must provide proof of future financial responsibility for a period of three years beginning on the date on which the suspension of the person's driving privileges ends.
- (12) Provides that expungement or other removal from a person's record of an underlying conviction for which the BMV sends to the person a request for evidence of financial responsibility does not alter or otherwise affect a penalty imposed by the BMV on the person for the person's failure to provide evidence of financial responsibility.
- (13) Makes other amendments to various provisions concerning proof of financial responsibility and proof of future financial responsibility and abolishes the Previously Uninsured Motorist Registry.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Summary: This bill could increase the number of notifications sent by the BMV requesting individuals who maintain a registered motor vehicle in the state also maintain current policies of financial responsibility. Increases in workload and mailing expenditures could occur as a result.

Additionally, this bill could increase the number of individuals who have their driving privileges suspended for not providing proof of financial responsibility. To the extent this occurs, BMV workload to process driving privilege reinstatement requests could also increase. Increases in workload are indeterminable.

Additional Information:

This bill allows the BMV to request any individual who either maintains a registered motor vehicle in the state or an active operator's license to provide proof they maintain a policy of financial responsibility. Currently the BMV only requests proof of insurance after it has received an accident report or receives notification an individual has received a citation for failure to maintain proof of financial responsibility.

This bill could increase the workload and expenditures of the BMV to the extent the BMV increases the number of notifications sent requiring individuals to provide proof of financial responsibility. Any increase in workload will depend on administrative decisions of the BMV regarding to whom to send notifications requiring proof of financial responsibility and if the BMV elects to contract out the requirement to a third-party vendor.

Currently the BMV only requires individuals to provide proof of financial responsibility (1) after receiving an accident report and (2) if an individual is found to have operated a motor vehicle without proof of financial responsibility.

Additionally, the bill abolishes the Previously Uninsured Motorist Registry. As of November 2012, the BMV discontinued use of the Registry; therefore, this provision is not expected to have a fiscal impact on the state.

Explanation of State Revenues: Summary: This bill could increase revenue the state receives from driver license reinstatement fees. Revenue collected from reinstatement fees is deposited in the Financial Responsibility Compliance Verification Fund and the Motor Vehicle Highway Account. Actual increases in

revenue are indeterminable.

Additional Information:

Driver's License Reinstatement: This bill could increase the number of driving privileges that are suspended in the state. As a result, there could be an increase in the number of reinstatement requests submitted to the BMV. Increases in the number of reinstatement requests would result in an increase in state revenue received from reinstatement fees.

The current reinstatement fees provided under IC 9-29-10-1 are; (1) \$150 for the first suspension, (2) \$225 for a second suspension, (3) and \$300 for a third or subsequent suspension. All except \$30 of the reinstatement fee is deposited into the Financial Responsibility Compliance Verification Fund established by IC 9-25-9-7. The remaining \$30 is deposited into the Motor Vehicle Highway Account.

For FY 2012, the balance of the Financial Responsibility Compliance Verification Fund was approximately \$6.9 M. The BMV reports there were 183,207 license suspensions and revocations that were reinstated in CY 2011 and 188,204 in CY 2012. Of these, it is unknown how many may have paid a reinstatement fee (if any) and how many suspensions each individual has.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV.

Local Agencies Affected:

Information Sources: Mark Goodrich, BMV.

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